

The Sirius/XM Merger should be approved.

Since Antitrust Laws were enacted to stop acquisitions that lessen competition (power to raise prices or limit production), the first step would be to define the market. The market served by both of these companies is filled with choices (substitutes) for consumers that range in price from free to “how much do you want to spend?” There is terrestrial radio, satellite radio, CDs, MP3 players, and other music storage devices. Once the Herfindahl-Hirschmann Index (HHI) is applied, it should become more evident that this acquisition will have little to no effect on the overall market. In addition, given all of the alternatives, since the service offering does not satisfy any basic human need, people have the option of not purchasing the service. The Sirius/XM merged company will have to determine the balance of price and volume in order to maximize profits, and the elasticity of demand for this service will be high.

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